

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	
<b>COMPANY'S APPLICATION FOR APPROVAL</b>	)	<b>CASE NO. IPC-E-04-19</b>
<b>OF A FIRM ENERGY SALES AGREEMENT</b>	)	
<b>BETWEEN IDAHO POWER COMPANY AND</b>	)	<b>NOTICE OF APPLICATION</b>
<b>FOSSIL GULCH WIND PARK, LLC.</b>	)	
	)	<b>NOTICE OF MODIFIED</b>
	)	<b>PROCEDURE</b>
	)	
	)	<b>NOTICE OF COMMENT</b>
	)	<b>DEADLINE</b>
	)	
	)	<b>ORDER NO. 29611</b>
	)	

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On September 14, 2004, Idaho Power Company ("Idaho Power", "Company") filed an Application requesting an Order approving a Firm Energy Sales Agreement ("Agreement") dated September 9, 2004, between Idaho Power and Fossil Gulch Wind Park, LLC ("Fossil Gulch"). Under the Agreement, Fossil Gulch would sell and Idaho Power would purchase electric energy generated by wind-powered generating equipment to be constructed by Fossil Gulch near the town of Hagerman, Idaho. The Company asked the Commission to declare that all payments for energy purchases made under the Agreement be allowed as prudently incurred expenses for ratemaking purposes and to approve the Agreement without material change or condition. In this Notice, the Commission processes Idaho Power's Application under Modified Procedure, establishes a written comment deadline, and asks for specific comment on which avoided costs should potentially apply to the Agreement.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Fossil Gulch intends to construct, own, operate and maintain wind generating equipment in a wind park ("Project") at a site approximately three and one-half miles west-northwest of Hagerman, Idaho. The Project will be a qualified small power production facility under the application provisions of the Public Utilities Regulatory Policies Act of 1978 ("PURPA"). The Project will consist of seven 1.5 MW

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77 SLE General Electric wind turbines. Fossil Gulch has selected January 1, 2005, as the scheduled operation date and December 15, 2004, as the first energy date.

YOU ARE FURTHER NOTIFIED that the term of the Agreement is 20 years from the operation date, and the Agreement provides for Idaho Power to pay the published non-levelized energy prices in accordance with Commission Order No. 29391 with seasonalization factors applied. Idaho Power's Application describes the Agreement as being similar to the Tiber Hydro and United Materials wind project agreements previously approved by the Commission.

YOU ARE FURTHER NOTIFIED that Fossil Gulch desires to utilize seven 1.5 MW wind turbine generators. To avoid pushing the Project above the 10 MW nameplate capacity, Fossil Gulch has agreed to adjust the controls on its turbine generators so that in aggregate, the electrical output of the seven wind turbines will not exceed 10,000 kWh in any hour. If energy in excess of this amount ("Inadvertent Energy") is accidentally generated, Idaho Power will not purchase or pay for it.

YOU ARE FURTHER NOTIFIED that because Fossil Gulch has agreed to limit its generation below 10,000 kWh per hour, and in recognition of the benefits of encouraging the development of a wind energy project in its control area, Idaho Power requests the Commission approve the use of published Qualified Facility (QF) avoided cost rates for this Project, even though the Project's nameplate capacity exceeds 10 MW. Idaho Power notes that the Commission recently approved a Firm Energy Sales Agreement with J.R. Simplot Company that included the same Inadvertent Energy provisions. Order No. 29577. The Agreement includes the 90%/10% band provisions that were included in the Tiber, United Materials, Renewable Energy and J.R. Simplot Agreements (Case Nos. IPC-E-03-1, IPC-E-04-1, IPC-E-04-5, and IPC-E-04-16, respectively).

YOU ARE FURTHER NOTIFIED that the Fossil Gulch Agreement includes the same Environmental Attributes provision (Section 8.1) approved by the Commission in Order No. 29577 for the J.R. Simplot Pocatello QF contract. The Agreement does not provide for any purchase of the Project's Environmental Attributes by Idaho Power, and the Company is not seeking to recover any value for Environmental Attributes in this Agreement.

YOU ARE FURTHER NOTIFIED that the Agreement contains non-levelized non-fueled published avoided cost rates in conformity with applicable Commission Orders. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to Fossil Gulch.

YOU ARE FURTHER NOTIFIED that Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions, and declared that all payments Idaho Power makes to Fossil Gulch for energy purchases be allowed as prudently incurred expenses for ratemaking purposes.

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-04-19. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that the issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

#### **NOTICE OF COMMENT DEADLINE**

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **within 21 days from the service date of this Notice**. The comment must contain a statement of reasons supporting the comment. IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this

Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARY  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074

BARTON L. KLINE  
MONICA MOEN  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE, ID 83707-0070  
Email: [bkline@idahopower.com](mailto:bkline@idahopower.com)  
[mmoen@idahopower.com](mailto:mmoen@idahopower.com)

Street Address for Express Mail:  
472 W WASHINGTON ST  
BOISE, ID 83702-5983

RANDY C. APPPHIN  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE, ID 83707-0070  
Email: [rallphin@idahopower.com](mailto:rallphin@idahopower.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.state.id.us](http://www.puc.state.id.us). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that because the Northwest Power and Conservation Council (NPCC)<sup>1</sup> released a new natural gas price forecast on Friday, September 24, 2004, the Commission specifically requests comments addressing which avoided cost rates should apply to the Fossil Gulch Firm Sales Agreement: the current avoided cost rates in effect at the time the Firm Sales Agreement was signed or updated avoided cost rates that could be available when the Commission issues an Order in this case.

YOU ARE FURTHER NOTIFIED that Idaho Power's Application can be viewed online at [www.puc.state.id.us](http://www.puc.state.id.us) by clicking on "File Room" and "Electric Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and Idaho Power Company located at 1221 West Idaho Street in Boise, Idaho (388-2200).

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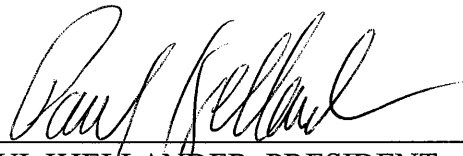
<sup>1</sup> The Northwest Power Planning Council (NWPPC) is now known as the Northwest Power and Conservation Council (NPCC).

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power Company, an electric utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

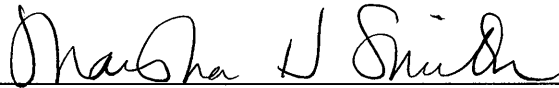
**ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure and the foregoing schedule be adopted.

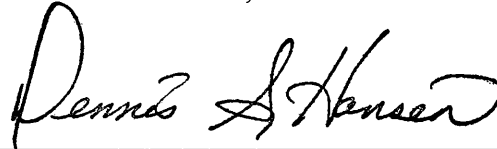
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12<sup>th</sup> day of October 2004.



PAUL KJELLANDER, PRESIDENT

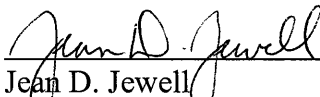


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:IPCE0419\_in

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